MidMichigan
Health

Good morning Mr. Chairman and members of the committee. Thank you for the opportunity to share our concerns about House Bill 4936.

I am Chris Chesny, a corporate vice president for MidMichigan Health, a health care system which includes hospitals in Midland, Gladwin, Alma, and Clare, as well as over 200 employed physicians and a full array of post acute care service.

MidMichigan Health opposes this legislation which enables auto insurers to reimburse hospitals and other providers pursuant to the fee schedule in use for workers' compensation cases and limits the auto no-fault injury benefit to as little as $250,000.

The lower injury benefit under no-fault will not change the frequency or severity of accidents or injuries in Michigan. It will only eliminate the highly-successful method we currently use to deal with the costs we all know will be incurred. The increase in uncompensated care to the hospital inpatient services at MidMichigan Health will be over $2 million annually—not to mention the services provided by our physicians, inpatient rehab, outpatient therapy, home health, and nursing homes. This will add to MidMichigan's existing uncompensated care deficit of $13.5 million annually.

The severe limit on first-party injury benefits means injured people will sue in tort for their medical expenses beyond the $250,000 cap. Serious auto accident claims will require attorneys on both sides, long waits for payment, and increased stress for the injured person seeking care without the ability to pay for services. **Returning to a tort system is especially frustrating for the health care community as we have worked for decades to limit the unfair and expensive nature of the tort system as it relates to health care delivery.**

The work comp fee schedule was the product of negotiation and part of an overall reform of the work comp system that included a number of changes for insurers, including a system of data collection and new rate filings and reductions in the workers' compensation insurance market. There are no similar attributes in this legislation.

There is no evidence that government-mandated price controls are needed for the no-fault system. Nothing in the current law puts a limit on the ability of auto insurers to negotiate rates with health care providers. Hospitals have contracts with networks that establish rates for services rendered. Some hospitals are currently paid for auto no-fault claims under their Cofinity contract. Auto insurers use many services to review and pay bills, and challenge those deemed excessive. At MidMichigan we negotiate all aspects of post-acute care with case managers from auto insurers. We are in constant contact regarding the number of hours of care that is necessary and the rates paid for those services. For the insurers to imply that they are paying charges as billed by health care providers is a gross misrepresentation.

While the number of people seriously injured in auto accidents is small in comparison to the number of drivers, people who are seriously injured in accidents represent costly cases. The

intensity of the service needed is great. Trauma services require on-call physicians and large numbers of other professionals, technical equipment, and extra capacity for operating rooms and critical care beds. Care for a severely injured patient starts with the special critical care transportation vehicle staffed with specially trained paramedics, continues in the intensive care unit and may even move to an inpatient rehabilitation unit or facility where a recovering patient receives at least three hours of physical and occupational therapy daily. Many patients continue to require assistance in daily living, outpatient care in a variety of settings and home and vehicle modifications to accommodate their injuries.

As with many health care systems, MidMichigan has as many or more home care patients as we have in our daily inpatient census. Let me introduce you to Sharyl Dana, an individual whose quality of life could be seriously impacted by this legislation. First, let me share with you that had Sharyl lived in Ohio at the time of her accident, her family would have gone through bankruptcy before a single medical claim was paid. Ohio requires fault based system requires completion of all investigations before the first claim is paid. The first 30 days of her care cost $1.4 million. Thankfully, she lives in Michigan. Sharyl was a Registered Nurse and a manager with MidMichigan Home Care until the day she was hit head on while driving to work. After a prolonged hospital stay, she recovered enough to move onto Mary Free Bed. There she received months of extensive physical and mental health rehabilitation. Sharyl returned home and lives with her husband. As you can see by these pictures the woman who was no longer exists. She must be attended 24 hours per day. She lives in her own home and receives paid caregiver support 12 hours per day on weekdays. The remainder of her support comes from her family. She is relatively young and will require support for the rest of her life. This legislation would limit her financial support and by now she would most likely be supported by the State of Michigan's Medicaid program in a long term care facility. This is especially ironic given that the Governor's recent special message on health care includes an emphasis keeping people at home and out of nursing homes as much as possible.

The cost of investing in and maintaining critical care, trauma and rehabilitation facilities and staff is expensive. Recognizing the cost of providing these resources is the purpose of using a no-fault, first-party payment system. Michigan uses a system that recognizes accidents will occur and that drivers should bear the personal responsibility of maintaining the ability to pay for the cost of their care, rehabilitation and accommodation.

As a nonprofit, charitable organization, our hospital is already under intense financial pressure. At MidMichigan the reductions imposed through the use of the workers' compensation fee schedule will immediately impair our ability to reach the Level 2 Trauma Certification for our emergency department. We have thoroughly researched the level of care needed in our service area communities. This map illustrates the void in Trauma services in Michigan. We need a level 2 trauma facility and we will continue to need a level 2 trauma center if this bill were to become law. But the truth is we won't have the resources. Do the residents of this region of Michigan deserve a lower level of care as compared to other regions? Consider how this can or could affect you, your family and your friends at a critical moment.

Thank you for your time. I appreciate your willingness to consider the serious flaws of House Bill 4936 as it was introduced.